



April 15, 2015

Item No. 7

**AUTHORIZATION TO 1) CONSENT TO THE WITHDRAWAL OF MAGELLAN DEVELOPMENT CORPORATION AND ARDMORE ASSOCIATES FROM THE JULIA C. LATHROP HOMES DEVELOPMENT TEAM; 2) AMEND THE CONTRACT FOR REDEVELOPMENT OF JULIA C. LATHROP HOMES; AND 3) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer or his designee to 1) Consent to the withdrawal of Magellan Development Corporation and Ardmore Associates from the Julia C. Lathrop Homes development team; 2) Amend the Contract for Redevelopment of Julia C. Lathrop Homes; and 3) To execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Senior Director of Development, Office of the General Counsel and Department of Procurement and Contracts have completed all necessary due diligence to support submission of this initiative and recommend approval of this item accordingly.

**CORPORATE GOAL #1**

The proposed development supports the Chicago Housing Authority's ("CHA") corporate goal to reimagine the Plan Forward by redeveloping Lathrop Homes into a mixed-income site, and coordinate public and private investments to develop healthy, vibrant communities.

**FUNDING** N/A

**M/W/DBE & SECTION 3 PARTICIPATION: Affidavit on file** N/A

**M/W/DBE Participation:**

Direct \_\_\_\_% MBE \_\_\_\_% WBE \_\_\_\_% DBE \_\_\_\_%

**Section 3:**

(\$) Hiring \_\_\_\_\_ (\$) Subcontracting \_\_\_\_\_ (\$) Other Economic Opportunities

**GENERAL BACKGROUND**

Julia C. Lathrop Homes was constructed in 1938, contains 31 low-rise buildings with a total of 925 units on 32 acres of land on the north side of Chicago. The site boundaries include Clybourn Avenue, Wellington Avenue, Damen Avenue, and the Chicago River. The original Plan for Transformation anticipated rehabilitation of Lathrop Homes as part of a group of ten family properties that were not subject to HUD's Section 202 viability assessment and not slated for demolition. In FY2002-FY2006 annual plans, CHA indicated a determination for rehabilitation or redevelopment was still under consideration. Beginning with the FY2007 annual plan, CHA indicated the site would be redeveloped as

mixed-income housing. As of the fourth quarter of 2014, 182 current remaining families with a Right of Return have indicated a preference for Lathrop replacement housing.

## **PROCUREMENT**

On January 7, 2010 CHA and The Habitat Company, LLC, former Receiver for the development of new, non-elderly public housing, ("Habitat") issued the RFQ for a master planning developer and property management team. In September 2010 Lathrop Community Partners, LLC, a limited liability company, ("LCP") a joint venture comprised of Heartland Housing, Inc., Related Midwest, LLC ("Related"), Bickerdike Redevelopment Corporation ("Bickerdike"), Magellan Development Group, LLC ("Magellan") and Ardmore Associates, LLC ("Ardmore") was selected as the development team. On October 1, 2011 the LCP entered into the Contract for Redevelopment of Julia C. Lathrop Homes ("MDA").

Habitat received six (6) proposals on March 8, 2010. The Evaluation Committee reviewed and scored the proposals, and Habitat determined that five (5) of the Respondents were within the Competitive Range. LCP's development team was the highest ranked team based on the Evaluation Committee scoring of the qualifications criteria.

In December 2013, Magellan and Ardmore advised the LCP team of their intent to withdraw as members of the LCP limited liability company and to seek CHA's consent to withdraw as Sponsors of the MDA which would terminate their individual obligations and liability. Magellan was designated as a coordinator of the planning, design and architecture for the project and would have only have had a financial interest in the market-rate rental phases of the project. Ardmore's was designated as the coordinator of the infrastructure planning for the project and its role in the development team was to help LCP navigate the city of Chicago ("City") application and permitting process.

The Office of the General Counsel, Department of Procurement and Contracts and Development agree that the withdrawal of Magellan and Ardmore will not materially affect the procurement for several reasons. While Magellan's experience in luxury rental property management was important to the team, their responsibilities in the partnership can be absorbed by Related. Related is a national developer and has the capacity to assume Magellan's responsibilities. Related also has previous experience on numerous City projects so they have the ability to absorb Ardmore's responsibilities.

The Board action recommended in this item complies in all material respects with all applicable CHA board policies and all applicable federal procurement regulations.

The Senior Director concurs with the recommendation to: 1) Consent to the withdrawal of Magellan Development Corporation and Ardmore Associates from the Julia C. Lathrop Homes development team and operating agreement; 2) Amend the Contract for Redevelopment of Julia C. Lathrop Homes; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends approval to: 1) Consent to the withdrawal of Magellan Development Corporation and Ardmore Associates from the Julia C. Lathrop Homes development team; 2) Amend the Contract for Redevelopment of Julia C. Lathrop Homes; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

**RESOLUTION NO. 2015-CHA-31**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated April 15, 2015 entitled Authorization to 1) Consent to the withdrawal of Magellan Development Corporation and Ardmore Associates from the Julia C. Lathrop Homes development team; 2) Amend the Contract for Redevelopment of Julia C. Lathrop Homes; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) Consent to the withdrawal of Magellan Development Corporation and Ardmore Associates from the Julia C. Lathrop Homes development team; 2) Amend the Contract for Redevelopment of Julia C. Lathrop Homes; and 3) To execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

